

The Gazette of India

EXTRAORDINARY PART II—Section 2 PUBLISHED BY AUTHORITY

No. 3] NEW DELHI, TUESDAY FEBRUARY 21, 1961/PHALGUNA 2, 1882

LOK SABHA

The following Bills were introduced in Lok Sabha on the 21st February, 1961:—

*BILL No. 4 OF 1961

A Bill to validate the imposition and collection of cesses on sugarcane under certain Acts of Uttar Pradesh.

BE it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

1. (1) This Act may be called the U. P. Sugarcane Cess (Validation) Act, 1961. Short title and commencement.

5 (2) It shall be deemed to have come into force on the 3rd day of February, 1961.

2. In this Act,—

Definitions.

10 (a) "cess" means the cess payable under any State Act and includes any sum recoverable under any such Act by way of interest or penalty;

(b) "State Act" means any of the following Acts, namely:—

U.P. Act I
of 1938.

(i) The United Provinces Sugar Factories Control Act, 1938;

U.P. Act
XXIV of
1953.

(ii) The U. P. Sugarcane (Regulation of Supply and Purchase) Act, 1953; and

U.P. Act
XXII of
1956.

15

(iii) The U. P. Sugarcane Cess Act, 1956.

*The President has, in pursuance of clause (1) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to Lok Sabha the introduction of the Bill.

Validation of
imposition
and collection
of cesses
under State
Acts during a
certain
period.

3. (1) Notwithstanding any judgment, decree or order of any court, all cesses imposed, assessed or collected or purporting to have been imposed, assessed or collected under any State Act during the period beginning with the 26th day of January, 1950 and ending on the 3rd day of February, 1961 shall be deemed to have been validly imposed, assessed or collected in accordance with law, as if the provisions of the State Acts and of all notifications, orders and rules issued or made thereunder, in so far as such provisions relate to the imposition, assessment and collection of such cess had been included in and formed part of this section and this section had been in force at all material times when such cess was imposed, assessed or collected; and accordingly,—

(a) no suit or other proceeding shall be maintained or continued in any court for the refund of any cess paid under any State Act;

15

(b) no court shall enforce a decree or order directing the refund of any cess paid under any State Act; and

(c) any cess imposed or assessed under any State Act before the 3rd day of February, 1961 but not collected before that date, may be recovered (after assessment of the cess, where necessary) in the manner provided under that Act.

(2) For the removal of doubts it is hereby declared that nothing in sub-section (1) shall be construed as preventing any person,—

(a) from questioning in accordance with the provisions of any State Act and rules made thereunder the assessment of any cess for any period, or

(b) from claiming refund of any cess paid by him in excess of the amount due from him under any State Act and the rules made thereunder.

Repeal.

4. The U. P. Sugarcane Cess (Validation) Ordinance, 1961, is hereby repealed.

30 1 of 1961.

STATEMENT OF OBJECTS AND REASONS

In the case of the Diamond Sugar Mills Limited and another *vs.* the State of Uttar Pradesh and another, the Supreme Court by a majority judgment delivered on the 13th December, 1960, has held the U. P. Sugarcane Cess Act, 1956 *ultra vires* and beyond the competence of the State Legislature. This decision of the Supreme Court invalidates the levy and collection of cesses on sugarcane by the U. P. Government under that Act. The total cess collected by the U. P. Government on sugarcane since 1950 runs to about 45 crores of rupees. Unless the cess levied and collected under the impugned Act is validated, the U. P. Government would have to refund the entire amount of cess so levied and collected. As there is no entry in the State List or Concurrent List which authorises the State Government to validate these past levies and collections, it became necessary to promulgate the U. P. Sugarcane Cess (Validation) Ordinance of 1961 (1 of 1961) on the 31st of January, 1961. The Ordinance validates the cesses imposed, assessed or collected by the Government of Uttar Pradesh during the period from the 26th January, 1950 to the date of the commencement of the Ordinance. The Ordinance was brought into force with effect from the 3rd February, 1961, by notification in the Official Gazette.

2. This Bill merely seeks to replace the Ordinance by an Act of Parliament.

MORARJI R. DESAI

NEW DELHI;

The 11th February, 1961.

BILL NO. 5 OF 1961

A Bill further to amend the Banking Companies Act, 1949.

Be it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

Short title. 1. This Act may be called the Banking Companies (Amendment) Act, 1961.

Amendment of section 35A. 2. In section 35A of the Banking Companies Act, 1949 (herein- 5 10 of 1949. after referred to as the principal Act), in clause (a) of sub-section (1), for the words "national interest", the words "public interest" shall be substituted.

Amendment of section 44A. 3. In section 44A of the principal Act, in sub-section (7), the words "in national interest" shall be omitted. 10

Amendment of section 45. 4. In section 45 of the principal Act,—

(a) in sub-section (1)—

(i) for the words "any agreement", the words "any agreement or other instrument" shall be substituted;

(ii) for the words "the banking company", the words "a 15 banking company" shall be substituted;

(b) for sub-sections (4) to (9), the following sub-sections shall be substituted, namely:—

'(4) During the period of moratorium, if the Reserve Bank is satisfied that—

(a) in the public interest; or

(b) in the interests of the depositors; or

(c) in order to secure the proper management of the banking company; or

(d) in the interests of the banking system of the country as a whole,—

5 it is necessary so to do, the Reserve Bank may prepare a scheme—

(i) for the reconstruction of the banking company, or

10 (ii) for the amalgamation of the banking company with any other banking institution (in this section referred to as “the transferee bank”).

(5) The scheme aforesaid may contain provisions for all or any of the following matters, namely:—

15 (a) the constitution, name and registered office, the capital, assets, powers, rights, interests, authorities and privileges, the liabilities, duties and obligations, of the banking company on its reconstruction or, as the case may be, of the transferee bank;

20 (b) in the case of amalgamation of the banking company, the transfer to the transferee bank of the business, properties, assets and liabilities of the banking company on such terms and conditions as may be specified in the scheme;

25 (c) any change in the Board of directors, or the appointment of a new Board of directors, of the banking company on its reconstruction or, as the case may be, of the transferee bank and the authority by whom, the manner in which, and the other terms and conditions on which, such change or appointment shall be made and in the case of appointment of a new Board of directors
30 or of any director, the period for which such appointment shall be made;

35 (d) the alteration of the memorandum and articles of association of the banking company on its reconstruction or, as the case may be, of the transferee bank for the purpose of altering the capital thereof or for such other purposes as may be necessary to give effect to the reconstruction or amalgamation;

(e) subject to the provisions of the scheme, the continuation by or against the banking company on its reconstruction or, as the case may be, the transferee bank, of any actions or proceedings pending against the banking company immediately before the date of the order of moratorium; 5

(f) the reduction of the interest or rights which the members, depositors and other creditors have in or against the banking company before its reconstruction or amalgamation to such extent as the Reserve Bank considers necessary in the public interest or in the interests of the members, depositors and other creditors or for the maintenance of the business of the banking company; 10

(g) the payment in cash or otherwise to depositors and other creditors in full satisfaction of their claim— 15

(i) in respect of their interest or rights in or against the banking company before its reconstruction or amalgamation; or

(ii) where their interest or rights aforesaid in or against the banking company has or have been reduced under clause (f), in respect of such interest or rights as so reduced; 20

(h) the allotment to the members of the banking company for shares held by them therein before its reconstruction or amalgamation [whether their interest in such shares has been reduced under clause (f) or not], of shares in the banking company on its reconstruction or, as the case may be, in the transferee bank and where any members claim payment in cash and not allotment of shares, or where it is not possible to allot shares to any members, the payment in cash to those members in full satisfaction of their claim— 25 30

(i) in respect of their interest in shares in the banking company before its reconstruction or amalgamation; or 35

(ii) where such interest has been reduced under clause (f), in respect of their interest in shares as so reduced;

(i) the continuance of the services of all the employees of the banking company (excepting such of 40

14 of 1947. them as not being workmen within the meaning of the Industrial Disputes Act, 1947 are specifically mentioned in the scheme) in the banking company itself on its reconstruction or, as the case may be, in the transferee bank at the same remuneration and on the same terms and conditions of service, which they were getting or, as the case may be, by which they were being governed, immediately before the date of the order of moratorium:

10 Provided that the scheme shall contain a provision that—

15 (i) the banking company shall pay or grant not later than the expiry of the period of three years from the date on which the scheme is sanctioned by the Central Government, to the said employees the same remuneration and the same terms and conditions of service as are applicable to employees of corresponding rank or status of a comparable banking company to be determined for this purpose by the Reserve Bank (whose determination in this respect shall be final);

25 (ii) the transferee bank shall pay or grant not later than the expiry of the aforesaid period of three years, to the said employees the same remuneration and the same terms and conditions of service as are applicable to the other employees of corresponding rank or status of the transferee bank subject to the qualifications and experience of the said employees being the same as or equivalent to those of such other employees of the transferee bank:

30 Provided further that if in any case under clause (ii) of the first proviso any doubt or difference arises as to whether the qualification and experience of any of the said employees are the same as or equivalent to the qualifications and experience of the other employees of corresponding rank or status of the transferee bank, the doubt or difference shall be referred to the Reserve Bank whose decision thereon shall be final;

35 (j) notwithstanding anything contained in clause (i) where any of the employees of the banking company not being workmen within the meaning of the Industrial Disputes Act, 1947 are specifically mentioned in the

40

14 of 1947.

scheme under clause (i), or where any employees of the banking company have by notice in writing given to the banking company or, as the case may be, the transferee bank at any time before the expiry of one month next following the date on which the scheme is sanctioned by the Central Government, intimated their intention of not becoming employees of the banking company on its reconstruction or, as the case may be, of the transferee bank, the payment to such employees of compensation, if any, to which they are entitled under the Industrial Disputes Act, 1947, and such pension, gratuity, provident fund and other retirement benefits ordinarily admissible to them under the rules or authorisations of the banking company immediately before the date of the order of moratorium;

14 of 1947.

(k) any other terms and conditions for the reconstruction or amalgamation of the banking company;

(l) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation shall be fully and effectively carried out.

(6) (a) A copy of the scheme prepared by the Reserve Bank shall be sent in draft to the banking company and also to the transferee bank and any other banking company concerned in the amalgamation, for suggestions and objections, if any, within such period as the Reserve Bank may specify for this purpose;

(b) the Reserve Bank may make such modifications, if any, in the draft scheme as it may consider necessary in the light of the suggestions and objections received from the banking company and also from the transferee bank, and any other banking company concerned in the amalgamation and from any members, depositors or other creditors of each of those companies and the transferee bank.

(7) The scheme shall thereafter be placed before the Central Government for its sanction and the Central Government may sanction the scheme without any modifications or with such modifications as it may consider necessary; and the scheme as sanctioned by the Central Government shall come into force on such date as the Central Government may specify in this behalf:

Provided that different dates may be specified for different provisions of the scheme.

5 (8) On and from the date of the coming into operation of the scheme or any provision thereof, the scheme or such provision shall be binding on the banking company or, as the case may be, on the transferee bank and any other banking company concerned in the amalgamation and also on all the members, depositors and other creditors and employees of each of those companies and of the transferee bank, and on any other person having any right or liability
10 in relation to any of those companies or the transferee bank.

15 (9) On and from such date as may be specified by the Central Government in this behalf, the properties and assets of the banking company shall, by virtue of and to the extent provided in the scheme, stand transferred to, and vest in, and the liabilities of the banking company shall, by virtue of and to the extent provided in the scheme, stand transferred to, and become the liabilities of, the transferee bank.

20 (10) If any difficulty arises in giving effect to the provisions of the scheme, the Central Government may by order do anything not inconsistent with such provisions which appears to it necessary or expedient for the purpose of removing the difficulty.

25 (11) Copies of the scheme or of any order made under sub-section (10) shall be laid before both Houses of Parliament, as soon as may be, after the scheme has been sanctioned by the Central Government, or, as the case may be, the order has been made.

30 (12) Where the scheme is a scheme for amalgamation of the banking company, any business acquired by the transferee bank under the scheme or under any provision thereof shall, after the coming into operation of the scheme or such provision, be carried on by the transferee bank in accordance with the law governing the transferee bank, subject to such modifications in that law or such exemptions
35 of the transferee bank from the operation of any provisions thereof as the Central Government on the recommendation of the Reserve Bank may, by notification in the Official Gazette, make for the purpose of giving full effect to the scheme:
40

Provided that no such modification or exemption shall be made so as to have effect for a period of more than seven years from the date of the acquisition of such business.

(13) Nothing in this section shall be deemed to prevent the amalgamation with a banking institution by a single scheme of several banking companies in respect of each of which an order of moratorium has been made under this section.

(14) The provisions of this section and of any scheme made under it shall have effect notwithstanding anything to the contrary contained in any other provisions of this Act or in any other law or any agreement, award or other instrument for the time-being in force.

(15) In this section, "banking institution" means any banking company and includes the State Bank of India or any other banking institution notified by the Central Government under section 51.

Amendment
of section
45L.

5. In section 45L of the principal Act,—

(a) in sub-section (3), for the words "a scheme of reconstruction of a banking company or its amalgamation with another banking company", the words "a scheme of reconstruction or amalgamation of a banking company" shall be substituted;

(b) in sub-section (4), for the words "a scheme of reconstruction of a banking company or its amalgamation with another banking company", the words "a scheme of reconstruction or amalgamation of a banking company" shall be substituted.

Repeal and
Saving.

6. (1) The Banking Companies (Amendment) Ordinance, 1961, is hereby repealed. 2 of 1961.

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act, as if this Act had commenced on the 4th day of February, 1961.

STATEMENT OF OBJECTS AND REASONS

The Banking Companies Act, 1949, was amended in 1960 in order to facilitate the grant of expeditious relief in the case of banking companies which may be taken into liquidation and the reconstruction or amalgamation of other banking companies, wherever this may be considered necessary or desirable.

The question of transferring the assets and liabilities of certain banking companies to other institutions, which may be in a better position to serve the interests of the depositors, has since been under consideration, but certain practical difficulties have been encountered in bringing into force or implementing the schemes which have been formulated for this purpose. In order to eliminate these difficulties and to clarify the legal position beyond any doubt, the Banking Companies (Amendment) Ordinance was issued early in February, 1961, substantially amplifying the provisions of section 45 of the Banking Companies Act.

The present Bill is intended to replace the Ordinance.

MORARJI DESAI.

NEW DELHI;

The 11th February, 1961.

M. N. KAUL,
Secretary.

